

Message Text

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PAGE 01 STATE 076019
ORIGIN OPIC-06

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FM SECSTATE WASHDC
TO AMEMBASSY MANILA PRIORITY
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UNCLAS STATE 076019

FROM OPIC

E.O. 11652: N/A

TAGS: EINV

SUBJECT: ANACONDA SETTLEMENT

REF: (A) STATE 072070; (B) MANILA 4830

PASS TO MARSHALL T. MAYS, PRESIDENT OF OPIC

PRESS RELEASES AS FOLLOWS WENT OUT AT 2:00 P.M. EST ON
THURSDAY, MARCH 31:

1) OPIC - "OPIC SETTLES ANACONDA CLAIMS - WASHINGTON, D.C.
MARCH 31, 1977 -- THE OVERSEAS PRIVATE INVESTMENT CORPORA-
TION (OPIC) ANNOUNCED TODAY A COMPROMISE SETTLEMENT OF THE
ANACONDA COMPANY'S EXPROPRIATION INSURANCE CLAIMS RELATING
TO TWO NATIONALIZAA CHILEAN MINING PROPERTIES.

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OPIC, A U.S. GOVERNMENT AGENCY, PROVIDES POLITICAL RISK
INSURANCE AND FINANCIAL SERVICES TO AMERICAN INVESTORS IN
DEVELOPING NATIONS. THE ANACONDA COMPANY IS NOW A WHOLLY-
OWNED SUBSIDIARY OF THE ATLANTIC RICHFIELD COMPANY.

UNDER THE TERMS OF THE SETTLEMENT, OPIC WILL MAKE A CASH

PAYMENT OF DOLLARS 47.5 MILLION TO ANACONDA AND WILL RECEIVE DOLLARS 27.5 MILLION OF PROMISSORY NOTES ACQUIRED BY AN ANACONDA SUBSIDIARY UNDER A COMPENSATION AGREEMENT REACHED WITH THE GOVERNMENT OF CHILE IN 1974. OPIC ALSO WILL GUARANTEE PAYMENT OF A DOLLARS 47.6 MILLION PORTION OF CHILEAN NOTES ACQUIRED BY ANOTHER ANACONDA SUBSIDIARY UNDER THE SAME SETTLEMENT WITH CHILE. ALL OF THE NOTES WERE ISSUED BY CORPORACION DEL COBRE (CODELCO), THE CHILEAN GOVERNMENT COPPER AGENCY, AND ARE GUARANTEED BY THE CENTRAL BANK OF CHILE. THE NOTES ARE PAYABLE SEMIANNUALLY THROUGH FEBRUARY 1984.

ANACONDA HAD FILED THREE CLAIMS TOTALING OVER DOLLARS 165 MILLION RESULTING FROM THE 1971 NATIONALIZATION OF ITS THREE COPPER MINES. OPIC PAID ONE CLAIM IN FULL IN THE AMOUNT OF DOLLARS 11.9 MILLION IN 1972. OPIC REJECTED THE OTHER TWO CLAIMS WHICH ARE THE SUBJECTS OF TODAY'S SETTLEMENT.

THE AMOUNT OF THE CONTESTED CLAIMS HAD BEEN REDUCED THROUGH PAYMENTS MADE BY THE GOVERNMENT OF CHILE UNDER COMPENSATION SETTLEMENTS WITH ANACONDA IN 1974. THE AGREEMENT REPRESENTS A COMPLETE AND FINAL SETTLEMENT OF ANACONDA'S CLAIMS AGAINST OPIC RELATING TO THE TWO EXPROPRIATED PROPERTIES.

THE SETTLEMENT WAS NEGOTIATED BY OPIC PRESIDENT MARSAHLL T. MAYES WHO SAID, "RESOLUTION OF THE ANACONDA CLAIMS VIRTUALLY COMPLETES OPIC'S SETTLEMENT OF CLAIMS ARISING FROM THE UNCLASSIFIED

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WHOLESALE NATIONALIZATION OF U.S. INVESTMENTS BY CHILE'S ALLENDE GOVERNMENT. IT FOLLOWS THE PATTERN OF OPIC'S SETTLEMENT OF OTHER CLAIMS ARISING IN CHILE AND ELSEWHERE THAT HAVE PROVED ADVANTAGEOUS TO THE INSURED COMPANIES AND TO OPIC."

PRIOR TO TODAY'S SETTLEMENT, OPIC AND ITS PREDECESSOR AGENCY HAS PAID OR GUARANTEED MORE THAN DOLLARS 246 MILLION TO INVESTORS IN SETTLEMENT OF 60 INSURANCE CLAIMS. CASH PAYMENTS HAVE TOTALED DOLLARS 96 MILLION, OF WHICH DOLLARS 31 MILLION HAS BEEN RECOVERED BY OPIC TO DATE, WITH FURTHER RECOVERIES EXPECTED THROUGH PAYMENTS BY FOREIGN GOVERNMENTS ON THEIR OBLIGATIONS. SOME DOLLARS 177 MILLION IN PRINCIPAL AMOUNT OF CONTINGENT LIABILITIES HAS BEEN TAKEN ON BY OPIC THROUGH THE ISSUANCE OF GUARANTIES IN SETTLING CLAIMS.

FOREIGN GOVERNMENT PERFORMANCE HAS SIMILARLY REDUCED THIS CONTINGENT LIABILITY TO A CURRENT DOLLARS 111 MILLION.

OPIC'S INSURANCE RESERVES WERE MORE THAN DOLLARS 250 MILLION IMMEDIATELY PRIOR TO THE ANACONDA SETTLEMENT. INSURANCE PREMIUMS AND INTEREST, CURRENTLY RUNNING ABOUT DOLLARS 50 MILLION A YEAR, HAVE MADE POSSIBLE A STEADY INCREASE IN RESERVES."

2) ANACONDA - "THE ANACONDA COMPANY TODAY ANNOUNCED SETTLEMENT WITH OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC) OF LONG-STANDING CLAIMS FOR COMPENSATION UNDER OPIC CONTRACTS INSURING PORTIONS OF ANACONDA'S INVESTMENTS EXPROPRIATED BY THE CHILEAN GOVERNMENT IN JULY 1971.

UNDER THE SETTLEMENT, OPIC, A U.S. GOVERNMENT CORPORATION, WILL PAY ANACONDA DOLLARS 47.5 MILLION IN CASH. OPIC WILL ALSO GUARANTEE PAYMENT OF APPROXIMATELY DOLLARS 47.6 MILLION OF OUTSTANDING NOTES ISSUED TO ANACONDA AS PART OF ITS 1974 SETTLEMENT WITH THE PRESENT
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GOVERNMENT OF CHILE.

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TODAY'S AGREEMENT ALSO PROVIDES FOR THE ASSIGNMENT TO OPIC OF DOLLARS 27.5 MILLION PRINCIPAL AMOUNT OF THE CHILEAN NOTES ACQUIRED BY ANACONDA IN 1974. AFTER THE SETTLEMENT ANACONDA WILL RETAIN DOLLARS 111 MILLION OF THE CHILEAN NOTES.

IN THE CHILEAN SETTLEMENT, ANACONDA RECEIVED DOLLARS 65 MILLION IN CASH AND DOLLARS 188 MILLION IN NOTES OF THE CHILEAN GOVERNMENT COPPER CORPORATION OF WHICH DOLLARS 138.5 MILLION REMAIN OUTSTANDING. TO DATE, ANACONDA HAS RECEIVED ABOUT DOLLARS 140 MILLION IN CASH FROM CHILE. UNDER THE OPIC CONTRACTS, A SUBSTANTIAL PART OF THIS AMOUNT AND OPIC'S SUBROGATION RIGHTS WOULD HAVE BEEN OFFSETS AGAINST ANACONDA'S INSURANCE CLAIMS.

ANACONDA IS A WHOLLY-OWNED SUBSIDIARY OF ATLANTIC RICHFIELD COMPANY. VANCE

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Sent Date: 05-Apr-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
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